

SIXTH
ANNUAL REPORT
OF
JEWEL TEA CO., INC.



1921

JEWEL TEA CO., INC.

GENERAL OFFICES:

5 NORTH WABASH AVENUE

CHICAGO, ILLINOIS

DIRECTORS

H. S. BOWERS

RAYMOND E. DURHAM

JOHN M. HANCOCK

ARTHUR LEHMAN

HERBERT H. LEHMAN

CHARLES W. LITSEY

F. P. ROSS

ARTHUR SACHS

O. B. WESTPHAL

OFFICERS

RAYMOND E. DURHAM, President

JOHN M. HANCOCK, Vice President and Treasurer

O. B. WESTPHAL, Vice President

HAROLD F. LINDLEY, Secretary

A. V. JANNOTTA, Assistant Secretary

F. M. KASCH, Assistant Treasurer

R. T. PURDY, Assistant Treasurer

TRANSFER AGENT:

COLUMBIA TRUST COMPANY, 60 Broadway, New York City

REGISTRAR:

LAWYERS TITLE & TRUST CO., 160 Broadway, New York City

AUDITORS:

TOUCHE, NIVEN & CO., Public Accountants

New York and Chicago

Chicago, February 15, 1922

To the Stockholders of the

JEWEL TEA CO., Inc.:

The annual report, including the financial results of operations of your Company for the fiscal year ending December 31, 1921, and the balance sheet of that date, is herewith presented.

The profits for the year ending December 31, 1921, amount to \$321,457.70.

Since January 1, 1921, the outstanding indebtedness of the Company has been decreased \$1,950,000.00.

The Company's operations under the present management have been gradually turned from heavy losses to a position where it is now making a modest profit.

Our outstanding note issue has been reduced two and a half million dollars, leaving only one million dollars maturing May 1, 1922, now outstanding.

The personnel of the business has been strengthened, expenses have been placed under control, the Accounting, Auditing, Distribution, and the Sales Departments have been thoroughly reorganized, and all are operating on an efficient basis. Serious labor problems have been worked out to the satisfaction of all. The liquidation of one-third of the Company's business for the purpose of disposing of unprofitable territories has been successfully accomplished. Four obsolete and uneconomically located factories have been disposed of and replaced by two modern factories which are well situated and permit of most economic operation.

This has all been accomplished as a result of the unusually able, efficient, and loyal cooperation of all the employees, and also the splendid work of the other executives.

As the work which I undertook when assuming the presidency of the Company has been accomplished, I am withdrawing from the active management of the business, and it is the plan of the Board of Directors to elect Mr. John M. Hancock as my successor. His splendid work in the departments of the business for which he has been responsible proves conclusively his fitness for the position, and I feel confident that no one could serve the Company's interests in that capacity better than he.

I believe that the Company's prospects are better now than they have been at any other time and it is a source of much personal satisfaction to me to be able to report to the stockholders such a happy and successful outcome of our efforts.

RAYMOND E. DURHAM, President.

JEWEL TE

BALANCE SHEET—D

ASSETS

CURRENT ASSETS:

Inventories:		
Products Merchandise	\$ 1,282,675.16	
Premium Merchandise	424,714.54	
		\$ 1,707,389.70
Accounts and Notes Receivable (less Reserve)		419,473.75
Trust Fund Investments (Surety Deposits, per contra)		36,412.42
Cash in Banks, on Hand and in Transit		347,512.62
		\$ 2,510,788.49

DEFERRED CHARGES:

Premium Merchandise (at Cost) Advanced to customers (less Reserve)	\$ 380,653.33	
Discount on 6% Gold Notes, Proportion Unamortized	8,386.39	
Claim for Federal Taxes Recoverable	104,653.45	
Inventories of Expense Supplies	55,045.36	
Unexpired Insurance and Prepaid Rent	24,867.78	
Improvements on Leased Premises	34,438.51	
		608,044.82

CAPITAL ASSETS (less Depreciation Reserves):

Machinery, Furniture and Fixtures at Plants	\$ 168,093.44
Delivery and Branch Equipment	437,909.27

	\$ 606,002.71	
<u>GOODWILL</u>	12,000,000.00	
		12,606,002.71

DEFICIT:

Balance, December 31, 1920	\$ 1,507,288.50	
Net Income for Year, as per Statement Attached	321,457.70	
		1,185,830.80
Net Deficit, December 31, 1921		\$16,910,666.82

We have audited the books and accounts of the JEWEL TEA CO., INC., for the year ended
Statement of Income are in accordance therewith, and exhibit, in our opinion, a correct statement
then ended.

CHICAGO, February 15, 1922.

A CO., INC.
DECEMBER 31, 1921.

LIABILITIES

CURRENT LIABILITIES:

Letters of Credit and Acceptances.....	\$	88,497.58	
Accounts Payable		130,223.44	
Accrued Interest on Gold Notes, Including Coupons not Presented..		10,030.00	
Accrued Wages and Taxes		5,503.38	
Surety Deposits (Specific Funds, per contra)		36,412.42	
			\$ 270,666.82

SERIAL 6% GOLD NOTES:

Amount Issued	\$	3,500,000.00	
Less Redeemed and Cancelled.....		2,500,000.00	
			1,000,000.00
Balance (Maturing May 1, 1922)			

CAPITAL STOCK:

Authorized and Issued—			
7% Cumulative Preferred Stock—40,000 Shares of \$100.00 Each..	\$	4,000,000.00	
Whereof Retired and Cancelled.....		360,000.00	
Balance Outstanding	\$	3,640,000.00	
Common Stock—120,000 Shares of \$100.00 each.....		12,000,000.00	
			15,640,000.00

Note:—Preferred Stock Dividend in arrears since October 1, 1919;
cumulative amount at December 31, 1921..... \$ 573,300.00

\$16,910,666.82

and December 31, 1921, and hereby certify that the above Balance Sheet and accompanying
statement of the financial position of the Company at that date and of its operations for the year

TOUCHE, NIVEN & CO.,
Public Accountants.

JEWEL TEA CO., INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1921

NET OPERATING PROFIT for the year ended December 31, 1921.....	\$383,143.17
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OTHER INCOME:

Profit on Sales to Wholesale Customers.....	\$ 7,993.59	
Profit on Roasting Coffee for United States Navy.....	5,661.88	
Miscellaneous Income, including (a) profit from sub-leases of Hoboken and Chicago Plants, and (b) reimbursement for use and occupancy of Hoboken Plant.....	86,964.39	
Discounts on Purchases and Interest (net).....	67,330.50	
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		167,950.36
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		\$551,093.53

DEDUCTIONS FROM INCOME:

Loss on Liquidation of Plants at New Orleans and San Francisco....	\$ 31,657.35	
Special Advertising Expenses	10,545.15	
Reduction of Inventories from Cost to Market Value	56,007.50	
Interest and Amortization of Discount and Expenses on Gold Notes.	159,689.55	
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		257,899.55
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		\$293,193.98

ADD Balance of Reserve for Redemption of Profit Sharing Coupons Written off.....	28,263.72
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Income for the Year Ended December 31, 1921	<hr/> <hr/>
	\$321,457.70





